

Message Text

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PAGE 01 KINSHA 00249 101238Z

43

ACTION AF-06

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 SS-15 NSC-05 SP-02

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E.O. 11652: N/A

TAGS:

SUBJ: EFFECT OF 30 DECEMBER MEASURES ON U.S. BUSINESS:

IN GENERAL

REF: KINSHASA#

1. WITH EXCEPTION OF CASE CITED IN SEPTEL US BUSINESS FIRMS/REPS HAVE NOT BEEN DIRECTLY AFFECTED BY 30 DEC MEASURES. MAJORITY ARE HERE UNDER THE INVESTMENT CODE AND WOULD THUS SEEM TO BE EXEMPT. THEY ARE NONETHELESS INDIRECTLY AFFECTED BECAUSE MANY OF THEIR CUSTOMERS HAVE BEEN TARGETED FOR TAKEOVER, AND GENERAL WAIT-AND-SEE ATTITUDE AROUND TOWN HAS LED TO SLOWDOWN IN BUSINESS ACTIVITY.

2. FOR EXAMPLE, ONE OF GOODYEAR'S LARGEST CUSTOMERS, KINSHASA BUS COMPANY, STK, WAS SPECIFICALLY PUT BY MOBUTU ON TAKE-OVER LIST. THUS, WHEN GOODYEAR RECENTLY APPROACHED STK WITH QUESTIONS AS TO ITS INTEREST IN CONTINUING LARGE ORDERS OF TIRES, BANK GUARANTEES, ETC., HEAD OF STK SAID HE COULD NOT ANSWER, THAT HE WAS NOW WORKING FOR MINISTRY OF ECONOMY AND WOULD HAVE TO AWAIT INSTRUCTIONS. GENERAL MOTORS, WHO ALREADY HAD PROBLEMS WITH ITS ZAIRIANIZED DISTRIBUTORS, SUSPECTS 30 DECEMBER

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PAGE 02 KINSHA 00249 101238Z

MEASURES WILL FURTHER COMPLICATE PROSPECTIVE SALES IN

GENERAL, WONDERS WHAT "RADICALIZATION" WILL DO TO PAS-
SENGER VEHICLE SALES IN PARTICULAR AND HENCE DOES NOT
KNOW WHETHER TO PRESS AHEAD WITH PLANT COMPLETION AT TOP
SPEED, DRAG ITS FEET--OR PUNT. THERE ARE OTHER EXAMPLES,
BUT MESSAGE IS THAT ANNOUNCEMENT OF 30 DECEMBER
ALONE HAS SLOWED BUSINESS AND HAS INJECTED MORE UNCERTAINTY
INTO ALREADY AMBIGUOUS SITUATION.

3. AT MEETING AT RESIDENCE WITH LEADERS OF AMERICAN BUSINESS
COMMUNITY JANUARY 8 (ONE OF REGULARLY SCHEDULED MONTHLY
SERIES), REACTION RANGED FROM BLEAK FORECASTS OF
KALICAK (REFTEL, WHO IS IMMEDIATELY THREATENED AND TEXACO,
WHICH WAS TAKEN OVER LAST YEAR, TO CAUTIOUSLY OPTIMISTIC
"WE'LL RIDE THIS ONE OUT AS WE DID LAST TIME" MAJORITY
OPINION. EMBASSY'S ADVICE TO
US BUSINESS IS NOT TO TAKE ACTIONS WHICH COULD
JEOPARDIZE THEIR RELATIONS WITH GOZ, KEEP COOL, AND WAIT
UNTIL THE DUST SETTLES.
HINTON

NOTE BY OC/T: REFTEL NUMBER OMITTED.

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